

UNITED STATES INTERNATIONAL TRADE COMMISSION

**COMMERCIAL AVAILABILITY OF APPAREL INPUTS (2004):
EFFECT OF PROVIDING PREFERENTIAL TREATMENT TO WOMEN'S AND GIRLS'
NIGHTWEAR OF CERTAIN CIRCULAR SINGLE-KNIT JERSEY FABRICS
FROM CARIBBEAN BASIN COUNTRIES**

Investigation No. 332-458-023

December 2004



Commercial Availability of Apparel Inputs (2004): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-458-023

Products	Women's and girls' nightwear of certain circular single-knit jersey fabrics
Requesting Parties	Jaclyn, Inc., New York, NY
Date of Commission Report: USTR Public	November 30, 2004 December 2004
Commission Contact	Jackie W. Jones (202-205-3466; jackie.jones@usitc.gov)

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON NOVEMBER 30, 2004. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (* * *).

Summary of Findings

The Commission's analysis indicates that granting duty-free and quota-free treatment to U.S. imports of women's and girls' nightwear made in eligible Caribbean Basin countries from certain circular single-knit jersey fabrics, regardless of the source of the fabrics, could have a negligible adverse effect on U.S. yarn, fabric, and apparel producers and their workers. Although there is no known domestic production of the subject fabrics, several producers stated that they have the capability, capacity, and willingness to produce the subject fabrics. However, information is not available as to whether these firms could produce fabrics of the same or similar quality as the subject fabrics. The proposed preferential treatment could have some adverse effect on the few domestic producers of women's and girls' nightwear; however, information is not available on the degree of substitutability of U.S. fabrics used by domestic apparel producers for the subject fabrics. The proposed action would likely benefit U.S. firms making such nightwear in eligible countries from the subject fabrics, and their U.S.-based workers, as well as U.S. consumers.

Background

On February 2, 2004, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-458, *Commercial Availability of Apparel Inputs (2004): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). This investigation provides advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2004 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of Feb. 9, 2004 (69 F.R. 6003) and consult the Commission's website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

The Commission's advice in this report relates to two petitions received by CITA on October 19, 2004, alleging that certain circular single-knit jersey fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner. The petitioner requests that the President proclaim preferential treatment for apparel made in eligible CBTPA beneficiary countries from such fabrics, regardless of the source of the fabrics.²

Discussion of the product

The two petitions state that the subject fabrics are classified in subheading 6006.32.00 (statistical reporting number 6006.32.0080) and subheading 6006.31.00 (statistical reporting number 6006.31.0080) of the Harmonized Tariff Schedule of the United States (HTS), which are residual or "basket" provisions providing for certain knitted or crocheted fabrics of synthetic fibers, not of double-knit or interlock construction, whether dyed (6006.32.0080) or unbleached or bleached (6006.31.0080).³ The petitions describe the subject fabrics as circular single-knit jersey fabrics with a jacquard geometric rib stitch, as specified in the tabulation on the following page. The petitions state that the subject fabrics will be used to make women's and girls' pajamas and nightdresses (hereinafter referred to as nightwear), which are classifiable in HTS chapter 61 (apparel, knitted or crocheted). The 2004 general rate of duty on women's and girls' manmade-fiber nightwear classifiable under subheading 6108.32.00 is 16 percent ad valorem.⁴

² The President may proclaim such action if (1) he determines that the subject fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner; (2) he has obtained advice from the Commission and the appropriate advisory committee; (3) he has submitted a report, within 60 calendar days after the request, to the House Committee on Ways and Means and the Senate Committee on Finance, that sets forth the action proposed, the reasons for such action, and advice obtained; (4) a period of 60 calendar days, beginning with the day on which he has met the requirements of (3), has expired; and (5) he has consulted with such committees on the proposed action during the 60-day period referred to in (3). In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ Separate data on U.S. imports of the subject fabrics are not available because the fabrics are grouped with other related knitted fabrics in HTS subheadings 6006.31.00 and 6006.32.00.

⁴ Commission staff believes that the goods in question represent only a small percentage of the total imports under the subheadings in question.

Fabric specifications				
HTS statistical reporting numbers	Finish and weight	Construction and gauge	Fiber content, by weight, and yarn size	Stretch characteristics
Fabric 1: 6006.32.0080	Piece-dyed; 6.165 m ² /kg	Circular, single knit jersey; jacquard geometric rib stitch; 24 gauge	66-68% polyester staple, 32-34% cotton, 0.2-0.5% spandex; 54.14 metric, 32/1 English, spun, filament core	Minimum 25% from relaxed state; 90% recovery to relaxed state
Fabric 2: 6006.31.0080 6006.32.0080	Bleached or piece-dyed; 6.06 m ² /kg	Circular, single knit jersey; jacquard geometric rib stitch; 28 gauge	64% polyester staple, 35.5-35.8% cotton, 0.2-0.5% spandex; 54.14 metric, 32/1 English, spun, filament core	25% from relaxed state; 90% recovery to relaxed state

The primary differences between the subject fabrics of the 2 current petitions is that the subject fabric referred to in the tabulation as fabric 1 is made on 24-gauge⁵ knitting machines and weighs slightly more at 6.165 m²/kg, while the subject fabrics referred to in the tabulation as fabric 2 are made on 28-gauge knitting machines and weigh 6.06 m²/kg.

The current petitions are the third and fourth petitions filed by Jaclyn, Inc. in 2004 on similar fabrics. Fabric 1 is similar to the circular single-knit jersey fabric that was the subject of Commission Investigation No. 332-458-018, except that the subject fabric contains less spandex.⁶ Fabric 1 contains *** for the fabric in the earlier investigation. The subject fabrics referred to in the tabulation as fabric 2 are identical to the fabrics reviewed in Commission Investigation No. 332-458-020, except that the subject fabrics are piece-dyed a solid color rather than dyed and printed.⁷

A prior petition received by CITA from Jaclyn, Inc. on September 20, 2004, states that the circular single-knit jersey fabrics must be knit on a jacquard machine in order to provide the “unique and complex

⁵ According to industry sources, U.S. knitting mills tend to have 28-gauge knitting machines; not 24-gauge knitting machines. *** The term “28-gauge” refers to the number of metal needles per inch affixed to the knitting cylinder. Machines using 28-gauge cylinders produce fabric that is denser than machines using 18- or 24-gauge cylinders but less dense than machines using 32-gauge cylinders. Denser fabric is also heavier than less dense fabric, a characteristic that, if not desired, can be alleviated by using lighter yarns, which can be created by changing the composition of the yarn.

⁶ Petitions filed with CITA on behalf of Jaclyn, Inc., by Sandler, Travis & Rosenberg, P.A., Aug. 31, 2004, and Oct. 19, 2004, and telephone interview by Commission staff with Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), Nov. 1, 2004.

⁷ Petitions filed with CITA on behalf of Jaclyn, Inc., by Sandler, Travis & Rosenberg, P.A., Sept. 20, 2004, and Oct. 19, 2004.

geometric pattern, horizontal ribbing and puckered effect”.⁸ The prior Commission reviews report that the petitioner, Jaclyn, Inc., stated that these fabrics are “very lightweight” and “semi-transparent” and are newer fabrics that have not been available previously in the U.S. market and not available previously with the fabrics’ specific “type” of puckering. As the fabric will be used for women’s nightwear, Jaclyn stated that the softness and “hand” (or feel) of the fabric are important to its commercially successful use.⁹ An official for Jaclyn, Inc. explained that the composition of the yarns is important to achieve the soft hand (or feel) of the fabric.¹⁰

It is unclear exactly what the fiber content of the yarns is in each of the fabrics covered by the subject petitions, because the descriptions in the petitions are not complete and ***¹¹***

Jaclyn Inc., the petitioner, states that it has the nightwear made in a CBTPA country *** from the subject fabrics, which it sources from ***.¹² Jaclyn stated that the nightwear made from the subject fabrics is part of Jaclyn Inc.’s ***. An official for Jaclyn, Inc. stated that the fabric was ***¹³***¹⁴

Industry sources indicate that the price of the imported subject fabrics likely would be lower than the price of the same or similar fabrics domestically made. ***¹⁵***¹⁶ An official of ***.¹⁷

Discussion of affected U.S. industries, workers, and consumers¹⁸

Yarn producers

According to industry sources, the following U.S. yarn spinning mills have the capability to produce blended yarns of polyester and cotton staple fibers in the 30s count range: ***¹⁹ However, it is uncertain how many of these domestic mills would be willing to produce the exact polyester/cotton blended spun yarns required by the petitioner to knit the subject fabrics. An official of Carolina Mills stated that ***.²⁰ An official of R.L. Stowe Mills, Inc., which ***²¹***

⁸ Petition filed with CITA on behalf of Jaclyn, Inc., by Sandler, Travis & Rosenberg, P.A., Sept. 20, 2004. ***

⁹ Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview by Commission staff, Oct. 14, 2004.

¹⁰ Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview by Commission staff regarding first petition filed by Jaclyn, Inc., Sept. 14, 2004. A yarn composition different from the one that Jaclyn created would reportedly have a different hand and a different weight. For example, decreasing the polyester content from Jaclyn’s 64-percent to 60 percent (a more common percentage in the U.S. fabric industry) would allegedly result in a different hand.

¹¹ ***

¹² Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview and e-mail correspondence by Commission staff, Nov. 1 and Nov. 3, 2004, respectively.

¹³ Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), e-mail correspondence with Commission staff, Nov. 3, 2004; and petitions filed with CITA on behalf of Jaclyn, Inc., by Sandler, Travis & Rosenberg, P.A., Oct. 19, 2004.

¹⁴ ***

¹⁵ Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), telephone interview by Commission staff, Nov. 1, 2004.

¹⁶ ***

¹⁷ ***

¹⁸ In general, the manufacturing progression for textiles and apparel is: (1) fibers are processed into yarns, (2) yarns are made into fabrics, (3) fabrics are cut into components, and (4) components are sewn into finished goods.

¹⁹ Information from official submission by Michael S. Hubbard, Vice President, on behalf of the National Council/Textile Organization, Nov. 10, 2004, and ***.

²⁰ ***

²¹ *** R.L. Stowe Mills, Chattanooga, TN, telephone interview by Commission staff, Nov. 15, 2004.

An official of Unifi, Inc., which produces all types of manmade-fiber filament yarns, stated that it would be able to supply the spandex core polyester filament yarn.²²

Fabric producers

Information available to the Commission shows that there is no known current domestic production of the subject fabrics. Commission staff contacted several producers identified by industry sources as possible producers of the subject fabrics, including some of the producers the petitioner cited in the first petition filed August 30, 2004, as producing fabrics similar to the subject fabrics.²³ Of the eight U.S. fabric mills Commission staff contacted during the current investigation, ***.²⁴ Officials of a second knitting mill, ***²⁵ An official of ***.²⁷ As part of the previous reviews conducted by the Commission on similar fabrics, an official of ***.²⁸

After having analyzed a sample of the subject 28-gauge fabric (fabric 2), officials of ***.²⁹

An official of another U.S. fabric mill, ***.

An official for another U.S. fabric producer, ***³⁰***.

Apparel producers

According to industry sources, there are a few U.S. apparel companies that manufacture domestically women's and girls' nightwear of single-knit jersey, jacquard knitted fabrics.³¹

Views of interested parties

The Commission received a written submission from the National Council of Textile Organizations (NCTO) opposing the subject petitions because there are U.S. yarn producers and knitters which are willing and have the capability to produce the necessary yarns and the subject fabrics in commercial quantities in a timely manner.³² More specifically, the NCTO said that U.S. yarn spinners can produce the spun yarns in the "desired count and blend ratios on the ring, open-end, and air jet systems" and that U.S. fabric mills can produce "fine gauge jacquard knits." A confidential attachment to the submission listed the ***

²² Jane Johnson, Government Relations Manager, Unifi, Inc., telephone interview by Commission staff, Nov. 16, 2004.

²³ *** were not contacted during the course of the current investigation because the first two companies reported in Investigation No. 332-458-020 that they would not produce the subject and similar fabrics and *** did not respond to Commission inquiries.

²⁴ ***

²⁵ ***

²⁶ *** According to the official submission by Michael S. Hubbard, Vice President, on behalf of the NCTO, Nov. 10, 2004, *** stated that it could and was willing to produce both of the subject fabrics.

²⁷ ***

²⁸ ***

²⁹ ***

³⁰ ***

³¹ During the petition process for Investigation No. 332-458-018, the petitioner stated that he knew of no U.S. manufacturers of nightwear. Gary Shepard, Director of Manufacturing, Jaclyn Apparel (a division of Jaclyn, Inc.), e-mail, Sept. 25, 2004. However, ***

³² Michael S. Hubbard, Vice President, on behalf of the NCTO, written submission to the Commission regarding "Commercial Availability Review on Women's and Girls' Nightwear of Certain Circular Knit Jersey Fabrics, Investigation No. 332-458-023," Nov. 10, 2004.

Probable economic effect advice³³

The Commission's analysis indicates that granting duty-free and quota-free treatment to U.S. imports of women's and girls' nightwear made in eligible CBTPA beneficiary countries from the subject fabrics, regardless of the source of the fabrics, would likely have a negligible adverse effect on U.S. yarn, fabric, and apparel producers and their workers. Several U.S. knit fabric producers stated that they have the capability and capacity, as well as willingness, to produce the subject fabrics; however, information is not available as to whether these firms could produce fabrics of the same or similar quality as the subject fabrics. Among the U.S. knit fabric producers contacted by Commission staff, ***. Among the U.S. yarn producers contacted by Commission staff, ***. In addition, information available to the Commission indicates that the raw materials needed to produce the yarns, (cotton and polyester staple fibers and spandex and polyester filament), are available domestically.

The proposed preferential treatment could have an adverse effect on domestic producers of women's and girls' nightwear; however, information is not available on the degree of substitutability for U.S. fabrics used by such domestic apparel producers for the subject fabrics. According to industry sources, there are ***. U.S. imports account for the majority of the domestic market for women's and girls' nightwear. The proposed preferential treatment would likely benefit U.S. firms and their workers making such apparel in eligible CBTPA countries from the subject fabrics by increasing the supply and availability of the fabrics. The proposed preferential treatment would also likely benefit U.S. consumers of the nightwear made from the subject fabrics to the extent that importers pass on some of the duty savings to retail consumers.

³³ The Commission's advice is based on information currently available to the Commission.